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Department of Finance

News Release

Immediate release

Ottawa, October 4, 2007
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Canada's New Government Approves Appointment of Mark Carney as Governor of the Bank of Canada

The Honourable Jim Flaherty, Minister of Finance, today announced the Governor in Council approval of Mark Carney as the next Governor of the Bank of Canada.

Mr. Carney, whose appointment was made by the Directors of the Bank of Canada who were appointed under Section 9 of the Bank of Canada Act, is currently Senior Associate Deputy Minister of Finance and G-7 Deputy of Canada. His seven-year term as Governor of the Bank of Canada is effective February 1, 2008.

Mr. Carney replaces Governor David Dodge, who is retiring after an outstanding career at the Bank and in the public service. Governor Dodge indicated in April that he did not intend to seek a second term.

"Along with the Prime Minister, I look forward to working with the new Governor to continue to improve our country's long-term economic prosperity," said Minister Flaherty. "Mark Carney is eminently qualified to lead the Bank of Canada and we are confident he will provide a steady hand to help maintain the stability of Canada's monetary system."

A statement by the Minister on the appointment of Mark Carney is attached.

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October 4, 2007

Notes for Remarks by the Honourable Jim Flaherty, Minister of Finance Concerning the Bank of Canada

Ottawa, Ontario

Check against delivery

Good afternoon;

We are here today to usher in a new era of leadership at the Bank of Canada. As many of you know, Canada's central bank has responsibilities for monetary policy, bank notes and funds management. The principal role of the Bank is to work side by side with the Government to promote the economic and financial welfare of Canada.

For nearly seven years now, my good friend and colleague David Dodge has provided the Bank of Canada with sound advice and solid leadership. During his tenure as Governor, the Canadian economy has continued to grow and expand for the benefit of all Canadians. Our economy is strong:

- We are experiencing the second-longest period of economic expansion in Canadian history;

- Core inflation has remained within our set range of 1 to 3 per cent;

- Our unemployment rate is the lowest in 33 years, with more Canadians working than ever before; and

- We're on the best fiscal footing of any country in the G7. In fact, Canada is the only member of the G7 with both ongoing budget surpluses and a falling debt burden.

These achievements didn't just happen. Governor Dodge's steadfast monetary policy management has kept Canada moving steadily along the path to further success and prosperity. I especially valued, and continue to value, David's counsel during the recent challenges in the global financial markets.

On behalf of Prime Minister Stephen Harper and Canada's New Government, I want to thank David and congratulate him for a distinguished career at the Bank of Canada and in the public service.

The people of Canada have been well served and we wish Governor Dodge all the best in the future.

Now there's no question, David's strong performance and impressive international reputation cast a large shadow. But after an extensive review process, I believe we have found a worthy successor.

Accordingly, it is my distinct pleasure to announce the Governor in Council approval of Mark Carney as the next Governor of the Bank of Canada, appointed by the special committee of the Bank's Board of Directors.

Mark, as many of you know, is the Senior Associate Deputy Minister of Finance and Canada's G7 Deputy. He holds degrees from Harvard and Oxford Universities, has extensive private-sector experience in the capital markets and has served as Deputy Governor of the Bank of Canada.

Mark is eminently qualified to lead the Bank of Canada and we are confident he will provide a steady hand to help maintain the stability of Canada's monetary system.

I have gotten to know Mark during my 20 months as Minister. He has provided excellent counsel and advice and will certainly be missed at the Department of Finance.

The Prime Minister and I look forward to working with Governor Carney to improve our long-term prosperity and make our strong Canadian economy even stronger.

Before I close, I would like to thank Jean-Guy Desjardins and the special committee of the Board of Directors at the Bank of Canada for their outstanding work in carrying out a thorough and exhaustive selection process.

Now I would like to turn it over to Jean-Guy to describe the selection process in more detail.

1 October 2007

The Hon. James M. Flaherty, P.C. M.P.
Minister of Finance
L'Esplanade Laurier
140 O'Connor Street
21st Floor, East Tower
Ottawa, Ontario
K1A 0G5

Dear Minister:

I am writing on behalf of the directors of the Bank of Canada appointed under Section 9 of the *Bank of Canada Act*. The directors met as a Special Committee on 30 September 2007, and adopted a resolution pursuant to Section 6 of the Act, appointing Mr. Mark Carney as Governor of the Bank of Canada effective
1 February 2008, to succeed Mr. David Dodge, whose term ends 31 January 2008.

The appointment takes effect with the approval of the Governor in Council (also in accordance with Section 6). For assistance in arranging for approval of this resolution by the Governor in Council, I enclose a certified copy of the resolution and a draft Order-in-Council.

Many aspects of the recruitment and decision-making process are prescribed in legislation and are outlined on the Bank's web site. The steps taken by the directors in reaching their decision are described below.

The directors were assisted in the search process by Ray & Berndtson, an executive recruitment firm, whose services were engaged under a Request for Proposal process. A Special Committee was established, and the recruitment process was formally initiated at the June Board meeting. This included placing the notice of the recruitment search in national newspapers, in an international economic publication and in a posting on the web sites of the Bank and the Government. By the end of July, there was a long list of interested and qualified candidates.

We were fortunate in having interest expressed by candidates whose depth of knowledge and experience made the decision a challenging one. The calibre of candidates also reflects the esteem in which the position of Governor of the Bank of Canada is held.

A Sub-Committee of the Special Committee was formed and *curriculum vitae* were reviewed. The Special Committee determined a shorter list of candidates, who were interviewed by the Sub-Committee over the summer. Further consultations among directors led to the selection of candidates who were invited to make presentations to the Special Committee. Over the course of September, the directors deliberated and came to their decision to appoint Mr. Carney.

Among the many accomplishments of Mr. Carney, his deep knowledge of financial markets and monetary policy issues, as well as his reputation among international counterparts, impressed the Board that he can take on the challenges of the Governor's role in promoting the economic and financial welfare of Canada over the next seven years.

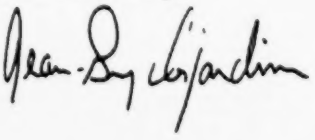
Particularly considering the key challenges of globalization, financial markets integration and maintaining inflation within the targets agreed with the Government, we believe Mr. Carney's background provides an excellent basis from which to succeed in addressing these and other issues ahead.

In addition, his leadership has been demonstrated through his extensive experience in dealing with a broad range of domestic and international issues, while developing a reputation for integrity and earning the respect of those with whom he has worked. We are confident Mr. Carney will make an outstanding contribution to the work of the Bank and uphold its reputation as a leading central bank.

To facilitate the transition to his new role, the Board is appointing Mr. Carney as Adviser to the Governor beginning on 1 November until he assumes his duties as Governor. During this period of time, Mr. Carney would be available to participate on an ad hoc basis in briefings on issues of importance to the Bank over this period.

I would be pleased to discuss any aspect of this appointment with you.

Yours sincerely,



Jean-Guy Desjardins
Lead Director